

# PayPal hails Venmo and BNPL growth in Q3 earnings, will accept Apple payment products

Article

**PayPal's Q3 earnings:** Total payment volume (TPV) grew 14% year over year (YoY) to hit \$337 billion on a constant currency basis, per its [earnings release](#).

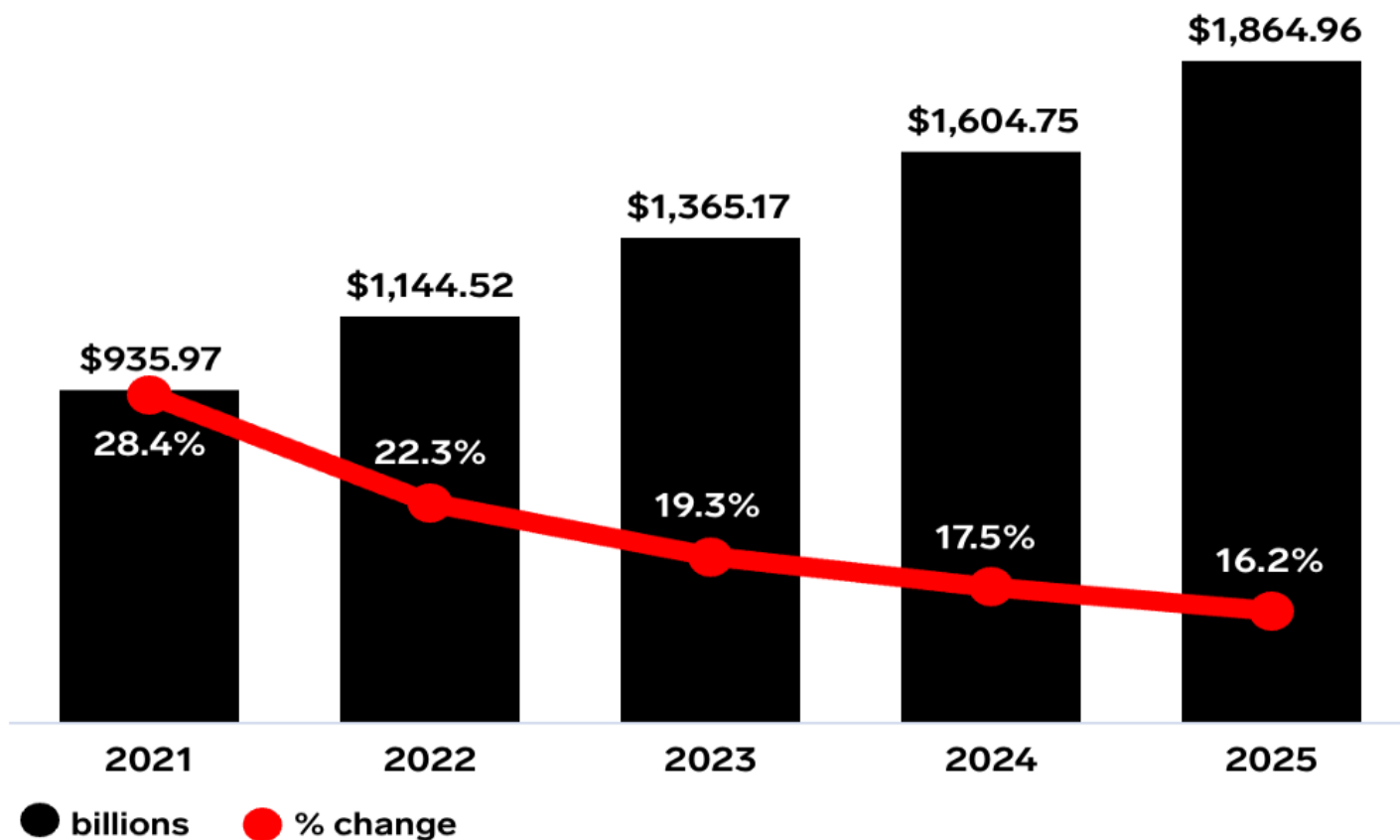
- TPV growth was roughly flat compared with 13% in [Q2](#) but slowed from the 24% increase reported in the same period last year.
- Net revenues jumped 12% YoY to \$6.85 billion.

**The headlines:** Here are the main talking points from PayPal's [Q3 earnings call](#).

1. **Apple integration.** PayPal will accept Apple's payments products in its ecosystem, bringing Apple Tap to Pay on iPhone to the PayPal and Venmo apps. It'll also add Apple Pay as a payment option in PayPal's checkout flows. Next year, US customers will be able to add PayPal- and Venmo-branded credit and debit cards to Apple Wallet and use them anywhere Apple Pay is accepted.
2. **Booming buy now, pay later (BNPL).** PayPal processed **nearly \$5 billion in Q3 BNPL volume**, a 157% YoY surge. More than 25 million consumers use its BNPL product, and more than 280,000 merchants display PayPal's BNPL offering on their product pages. CEO Dan Schulman said the company was "one of the largest buy now, pay later providers in the world."
3. **Venmo volume slows.** TPV grew 6% YoY in Q3 to hit \$63.6 billion, compared with 36% growth in Q321. Venmo is now available as a payment option for select **Amazon** customers; ramping up to full availability for all US Amazon users this holiday season should boost volumes going forward.
4. **Light warning.** It wasn't all good news: "We expect inflationary pressures alongside slowing global growth to weigh on discretionary ecommerce spending, which could continue to be pressured in 2023," CFO Gabrielle Rabinovitch said on PayPal's [earnings call](#). Payments firms are anticipating a drop in spending driven by [US inflation at 30-year highs](#)—although [consumer spending has so far proved resilient](#).

## PayPal Core Transaction Payment Value

Worldwide, 2021-2025



Note: the value of payments on PayPal, net of payment reversals, completed by users on PayPal Core accounts and those enabled by PayPal via a partner payment solution; excludes gateway-exclusive transactions, Honey, Hyperwallet, iZettle, Pay in 4 and PayPal Credit transactions, along with P2P payments via Venmo and Xoom

Source: eMarketer, December 2021

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**What's next?** PayPal plans to prioritize growth initiatives but will remain cautious of a wider economic downturn.

- **BNPL and Venmo.** PayPal generates a large volume of transactions from—and has a huge user base for—both Venmo and its BNPL offering. **But neither generates a profit.** PayPal wants to cut Venmo's losses with more profitable services beyond P2P payments. And it can pick up customers and move toward a maiden profit for its BNPL product by adding features like letting users choose the frequency and size of installments.

- **Existing user focus.** PayPal has successfully boosted spending per user: Transactions per active account climbed a record 13% YoY to more than 50 times per year. And it will keep working to convert moderately engaged users into highly engaged ones. This can help grow revenues by capitalizing on the firm's **35 million active merchant accounts and nearly 400 million active consumer accounts**, according to Schulman.
- **Big Tech partnerships.** PayPal's new tie-in with Apple Pay gives it access to the tech firm's huge user base, which is expected to hit 48.7 million next year, per [Insider Intelligence forecasts](#). And expanding Venmo's Amazon partnership gives PayPal the opportunity to capture a slice of the online retailer's expected **\$397.43 billion in US retail ecommerce sales** this year, [per our forecast](#).

**Keep reading:** Check out our [PayPal report](#) for more on how the company's growth strategy could shield it from a market downturn.

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